

IRS News Release

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Sidley & Austin LLP Pays IRS \$39.4 Million Penalty

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WASHINGTON — The Internal Revenue Service today announced that it has reached a settlement with the law firm of Sidley Austin LLP, the successor firm of the merger in 2001 between Sidley & Austin and Brown & Wood LLP, which has paid a civil tax shelter promoter penalty of \$39.4 million. The penalty stems from the firm's promotion of abusive tax shelters and a failure to comply with tax shelter registration requirements.

"Sidley Austin has paid a significant penalty for its role in promoting abusive tax shelters," said IRS Acting Commissioner Kevin M. Brown. "The firm has also taken concrete steps to prevent a recurrence of this behavior in the future, which they have agreed to maintain going forward. We appreciate their actions and their cooperation in our ongoing investigations."

The firm issued opinions in connection with potentially abusive tax shelters to over 700 high-net worth individuals and corporations. Some of the packages marketed to these individuals included listed transactions such as BOSS (Bond & Option Sale Strategy), variants of the so-called "Son of BOSS" shelter that went by names of COBRA (Currency Options Bring Reward Alternatives), BLIPS (Bond Linked Issue Premium Structure) and COINS (Currency Option Investment Strategy), and others that went by the names of FLIP (Foreign Leveraged Investment Program), OPIS (Offshore Portfolio Investment Strategy) and POPS (Partnership Option Portfolio Securities).

The firm also issued tax opinions in connection with certain potentially abusive non-listed transactions involving distressed assets, bond and equity strips and lease strips.

Sidley Austin LLP has offices in Beijing, Brussels, Chicago, Dallas, Frankfurt, Geneva, Hong Kong, London, Los Angeles, New York, San Francisco, Shanghai, Singapore, Tokyo and Washington, D.C.